

PACIFIC GAS AND ELECTRIC COMPANY  
CHAPTER 19  
REBUTTAL TESTIMONY OF DAVID F. ELMORE  
CORE GAS SUPPLY



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mentioned in the answer to the previous question are a more appropriate choice.

**E. Parties' Recommendations Concerning PG&E's Proposal to Change to a Seasonal Allocation Methodology for Pipeline Capacity Are Unjustified**

Q 19 Did any party object to PG&E's proposal to change to a pipeline allocation methodology for CGS and the CTAs based on a seasonal load factor instead of on a January Load Factor as under the current methodology?

A 19 Yes, Commercial Energy objected.

Q 20 What was Commercial Energy's primary objection?

A 20 Commercial Energy stated the proposed methodology would allocate more capacity to the CTAs as a group than the current methodology.<sup>24</sup>

Q 21 Is Commercial Energy correct in this assessment of PG&E's proposal?

A 21 Collectively, the total CTA allocations may increase as a result. However, individual CTAs may receive lower allocations, depending on their customers' seasonal demand profiles. For instance, some CTAs serving primarily residential loads may have a high January load compared to other months (similar to, or to even a greater extent than, PG&E's bundled portfolio). Therefore, their allocations averaged over an annual period may actually decrease. Other CTAs with flatter annual load profiles would probably be allocated more capacity.

Q 22 Is PG&E's new proposal unfair?

A 22 No. PG&E's proposal follows core customer load patterns more precisely, resulting in a more impartial and fair allocation of pipeline capacity among all core providers. In contrast, the current methodology allocates the most capacity, in all parts of the year, to the CTAs that have the highest customer loads in January, including higher allocations to CGS. Even in the summer, when a CTA such as Commercial Energy (which serves primarily flatter-load commercial customers)<sup>25</sup> has a much higher relative share of the load than others, the customers with higher January loads continue to get more capacity.

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<sup>24</sup> Commercial Energy-Monsen, p. 7.

<sup>25</sup> Commercial Energy-Monsen, p. 11.

1 Q 23 Does Commercial Energy offer its own proposal for allocating capacity  
2 amongst CGS and the CTAs?

3 A 23 Yes. Commercial Energy proposes to change to a methodology that  
4 allocates capacity based on each CTA's and CGS's Peak Day usage.<sup>26</sup>

5 Q 24 Is this an appropriate way to allocate the core's pipeline capacity?

6 A 24 No, it is not. To allocate all the capacity over the year based on just the  
7 peak day usage would imply that the capacity was acquired based on only  
8 that one day of usage. It is not. The capacity is not acquired to meet a  
9 single day's load, just as it is not acquired based solely on January customer  
10 loads. The capacity is acquired to meet the customers' loads throughout the  
11 year. And the amount of capacity held varies with the core loads throughout  
12 the year, with more capacity held in the winter season and less capacity  
13 held in the summer. This is true for both interstate and intrastate pipeline  
14 capacity. This seasonal variation in the amount of pipeline capacity held for  
15 the core makes the proposed allocation of that capacity based on seasonal  
16 loads an appropriate and reasonable change.

17 Q 25 Did any CTAs support your proposal to change to a Seasonal Load based  
18 allocation methodology?

19 A 25 Yes, SPURR submitted testimony supporting the change.<sup>27</sup>

20 **F. Parties' Recommendations Concerning Authorization for PG&E and ORA**  
21 **to Agree to and Implement Changes to the Core Procurement Incentive**  
22 **Mechanism Are Unjustified**

23 Q 26 Does CTAC object to PG&E's proposal that PG&E and ORA be given  
24 authority to negotiate and implement minor changes to the CPIM?

25 A 26 Yes.

26 Q 27 Can you summarize CTAC's objections?

27 A 27 CTAC objects to PG&E's proposal to allow certain adjustments to the CPIM  
28 to be made through mutual agreement between PG&E and ORA.<sup>28</sup> CTAC  
29 indicated that the areas covered by the proposal were overly broad, and that

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<sup>26</sup> Commercial Energy-Monsen, p. 13.

<sup>27</sup> SPURR-Rochman, p. 1, lines 21-23.

<sup>28</sup> CTAC-Fulmer, p. 2, lines 11-13.